

**From:** "Josh Donovan" <jdonovan@ucedc.com> on 04/01/2004 01:10:26 PM  
**Subject:** Regulation BB - Community Reinvestment Act

Dear Officials of Federal Bank and Thrift Agencies:

Union County Economic Development Corporation urges you to withdraw the proposed changes to the Community Reinvestment Act (CRA) regulations. CRA has been instrumental in increasing access to homeownership, boosting economic development, and expanding small businesses in the nation's minority, immigrant, and low- and moderate-income communities. Proposed changes would halt the progress made in community reinvestment, facilitate predatory lending and reduce the ability of the general public to hold financial institutions accountable for compliance with consumer protection laws.

Proposed changes will eliminate the investment and service parts of the CRA exam for banks and thrifts with assets between \$250 and \$500 million, translating into considerably less access to banking services and capital for underserved communities. For example, these banks would no longer be held accountable for investing in Low Income Housing Tax Credits -- a major source of affordable housing.

Proposed CRA changes will actually perpetuate abusive lending. The proposed standard states that loans based on the foreclosure value of the collateral, instead of the ability of the borrower to repay, can result in downgrades in CRA ratings. This standard would fail to cover many instances of predatory lending.

These proposed changes regarding streamlined exams and the anti-predatory lending standard threaten CRA's statutory purpose. CRA is too vital to be gutted by harmful regulatory changes and neglect. On behalf of the communities we represent, thank you for your attention to this critical matter.

Sincerely,

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